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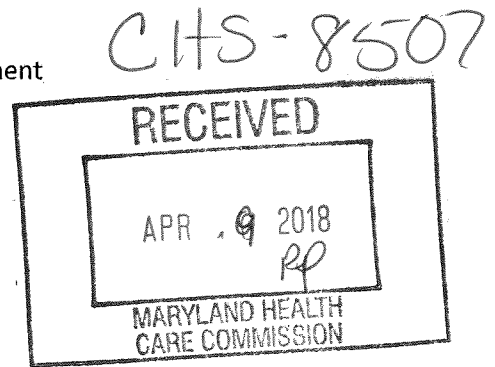
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April 9, 2018

By Email:

Jenelle Mayer, M.P.H., Allegany County Health Officer  
Barbara Brookmyer, M.D., Frederick County Health Officer  
Bob Stephens, Garret County Health Officer  
Earl E. Stoner, Washington County Health Officer  
Paul Parker, Director, Health Care Facilities Planning and Development  
Kevin McDonald, Chief, Certificate of Need  
Suellen Wideman, AAG  
Sarah E. Pendley, AAG  
Howard L. Sollins, Esquire, Baker Donelson  
Marta D. Harting, Esquire, Venable LLP



Maryland Health Care Commission  
c/o Commissioner, Marcus L. Wang, Esquire  
4160 Patterson Avenue  
Baltimore, Maryland 21215

Re: Modification to Bayada Home Health Care Application  
Docket No. 17-R2-2399

Dear Commissioner Marcus Wang, Esq,

Please accept all below responses to your recommendations suggested for the modification to our Bayada Home Health Care CON application provided on March 9, 2018. I hope you will find all responses meet all requirements to satisfy a positive recommendation to the Commission for this CON application.

All below responses intend to highlight modifications to the Charity Care and Sliding Fee Scale standard, the Financial Feasibility standard, the Impact standard and related CON review criteria.

- **Response to "1-4. Take the same four general steps regarding the Charity Care and Sliding Fee Scale standard that I recommended for Adventist."**

Upon further review of all standards, we have revised our policy and procedures to be consistent with the standards. Please reference **Attachment A.1** for our revised policy that will be implemented upon CON approval to support specific CON requirements and **Attachment A.2** for our revised Charity Care Public Notice which will be posted on our website and Montgomery County Office Public Facebook webpage upon approval of CON. We welcome further recommendations to modify Charity policy language to meet Commissioners recommendations before enacting a company policy or distribution of information on a public forum.

- ***Response to “5. Assure that its projections regarding the provision of charity care and reduced fee services are consistent with the standard and based only on visits provided by Bayada-Gaithersburg.” & Response to “6. Provide a specific and credible plan for achieving the level of charity care to which it is committed, as provided in the standard. Assumptions must be detailed and based on the experience of Bayada-Gaithersburg.”***

As noted during the CON project review, Bayada Home Health Care Gaithersburg does not have a track record of providing charity care. Bayada Home Health Care is in the process of changing from a for-profit entity to a not-for-profit entity within the next 2 years in an effort to continue to support our mission of serving more clients. Bayada Home Health Care Gaithersburg is committed to providing the multi-jurisdictional average of charity for the western region per comparative data available in the public use data set questions 31a, 31b, 31c that represents the average amount of charity provided by HHAs in the jurisdictions purposed to serve. Bayada Home Health Care is committed to the average number of charity clients in each jurisdiction (calculated to represent an average of 2 clients for Frederick, 5 clients in Washington, 14 Clients in Alleghany and 1 in Garrett County within a fiscal year). As noted in the CON application project review, Bayada Home Health Care will be committed to meeting an existing .31% average in Western Maryland (as the cumulative percentage for all jurisdictions).

As evident by the 2014 comparative raw data, a high percentage of the charity care provided in these jurisdictions are provided by hospital healthcare systems. Our plan will be to partner with the larger hospital systems while educating their discharge planners on our charity care policy as well as our openness to support clients in need regardless of insurance. We are confident as we begin to move through our transition to a non-profit status that the brand recognition will lead to an increased need for our services.

- ***Response to “7. Submit correct and internally consistent Tables 2A, 2B, and 5, and Tables 3 and 4, as necessary. & Response to “8. Assure that information provided in Tables 2A, 2B, 3, 4, and 5 is based only on Bayada- Gaithersburg’s performance and not on the performance of its other provider in Maryland or elsewhere.***

To clarify responses #7 and #8, we are submitting **Table 2A** to represent the entire Gaithersburg provider.) **Table 2B** that represents the projected home health agency in the expanded counties for all new jurisdictions only. **Table 2C** is provided to represent Montgomery County operations only to assist in your analysis.

**Table 2A- Entire Agency**

	Two Most Current Actual Years		Projected years -- ending with first year at full utilization			
	2015	2016	2018	2019	2020	2021
CY or FY	CY	CY	FY	FY	FY	FY
Client Visits	14,024	18,204	26,607	38,581	45,458	52,323
Billable	13,930	18,074	26,417	38,305	45,133	51,949
Non-Billable	94	130	190	276	325	374
Total	14,024	18,204	26,607	38,581	45,458	52,323
# of Clients and Visits by Discipline						
Total Clients (Unduplicated Count)	870	1,075	1,792	2,554	3,135	3,614
Skilled Nursing Visits	4,253	5,300	9,464	13,756	18,470	21,286
Home Health Aide Visits	284	152	534	777	837	956
Physical Therapy Visits	6,486	8,621	10,295	14,933	16,271	18,689
Occupational Therapy Visits	2,325	3,139	4,044	5,833	6,304	7,277
Speech Therapy Visits	643	894	1,991	2,876	3,098	3,571
Medical Social Services Visits	30	97	279	405	478	546
Other Visits (Please Specify) - Dietician	3	1	-	-	-	-

**Table 2B- Expanded Jurisdictions**

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
	FY	FY	FY	FY
Client Visits	4,407	14,137	20,496	23,582
Billable	4,376	14,036	20,350	23,414
Non-Billable	31	101	146	168
Total	4,407	14,137	20,496	23,582
# of Clients and Visits by Discipline				
Total Clients (Unduplicated Count)	274	871	1,324	1,515
Skilled Nursing Visits	1,568	5,041	8,328	9,593
Home Health Aide Visits	88	285	377	431
Physical Therapy Visits	1,705	5,472	7,336	8,423
Occupational Therapy Visits	670	2,137	2,842	3,279
Speech Therapy Visits	330	1,054	1,397	1,609
Medical Social Services Visits	46	148	215	246
Other Visits (Please Specify) - Dietician	-	-	-	-

**Table 2C- Montgomery County**

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
	FY	FY	FY	FY
Client Visits	22,200	24,444	24,962	28,742
Billable	22,041	24,269	24,783	28,536
Non-Billable	159	175	179	206
Total	22,200	24,444	24,962	28,742
# of Clients and Visits by Discipline				
Total Clients (Unduplicated Count)	1,518	1,683	1,811	2,099
Skilled Nursing Visits	7,896	8,716	10,142	11,692
Home Health Aide Visits	445	492	460	525
Physical Therapy Visits	8,589	9,462	8,935	10,266
Occupational Therapy Visits	3,374	3,696	3,462	3,997
Speech Therapy Visits	1,661	1,822	1,701	1,961
Medical Social Services Visits	233	256	262	300
Other Visits (Please Specify) - Dietician	-	-	-	-

Below please find updated table 3 & 4 to represent the similar project separations as noted in above table 2A, B and C. Table 3 represents the entire Gaithersburg provider. Table 4A represents only the expanded jurisdictions. Table 4B represents Montgomery County only.

**Table 3- Entire Agency**

	Two Most Current Actual Years		Projected years -- ending with first year at full utilization			
	2015 CY	2016 CY	2018 FY	2019 FY	2020 FY	2021 FY
<b>1. Revenue</b>						
Gross Patient Service Revenue	2,576,910	3,344,985	4,941,774	7,166,362	8,447,607	9,724,132
Allowance for Bad Debt	(13,617)	(72,572)	(65,177)	(93,504)	(110,791)	(128,683)
Contractual Allowance - Medicare	606,400	740,180	480,262	636,722	808,978	996,569
Contractual Allowance - non Medicare	(167,150)	(185,239)	(195,991)	(304,042)	(371,105)	(400,867)
Charity Care	(2,577)	(3,345)	(11,869)	(18,728)	(22,172)	(25,162)
Net Patient Services Revenue	2,999,967	3,824,010	5,148,998	7,386,811	8,752,516	10,165,988
Other Operating Revenues (specify)	2,070	327	-	-	-	-
Net Operating Revenue	3,002,037	3,824,337	5,148,998	7,386,811	8,752,516	10,165,988

<b>2. Expenses</b>						
Salaries, Wages and Professional Fees (including fringe benefits)	1,794,603	2,268,074	3,806,133	5,238,324	6,165,115	7,119,215
Contractual Services (please specify)	192,009	123,932	19,922	28,346	33,341	38,370
Interest on Current Debt	-	-	-	-	-	-
Interest on Project Debt	-	-	-	-	-	-
Current Depreciation	5,121	5,307	-	-	-	-
Project Depreciation	-	-	-	1,000	2,000	3,000
Current Amortization	-	-	-	-	-	-
Project Amortization	-	-	-	-	-	-
Supplies	41,308	43,751	91,248	130,906	155,108	180,157
Other Expenses (Specify)	631,990	853,054	1,007,810	1,420,254	1,686,162	1,971,094
Other expenses include rent plus corporate allocations for shared services (accounting, collections, billing, IT, etc.)						
Total Operating Expenses	2,665,030	3,294,117	4,925,113	6,818,829	8,041,727	9,311,836





**Table 4A- Expanded Jurisdictions**

	Projected years -- ending with first year at full utilization			
	2018	2019	2020	2021
CY or FY	FY	FY	FY	FY
<b>1. Revenue</b>				
Gross Patient Service Revenue	819,884	2,627,838	3,810,381	4,383,396
Allowance for Bad Debt	(10,779)	(34,284)	(49,960)	(57,996)
Contractual Allowance	46,070	124,527	199,315	270,795
Charity Care	(3,642)	(9,669)	(12,916)	(14,502)
Net Patient Services Revenue	851,533	2,708,412	3,946,819	4,581,693
Other Operating Revenues (specify)	-	-	-	-
Net Operating Revenue	851,533	2,708,412	3,946,819	4,581,693
<b>2. Expenses</b>				
Salaries, Wages and Professional Fees (including fringe benefits)	621,531	1,918,818	2,779,598	3,208,579
Contractual Services	3,278	10,387	15,033	17,292
Interest on Current Debt	-	-	-	-
Interest on Project Debt	-	-	-	-
Current Depreciation	-	-	-	-
Project Depreciation	-	1,000	2,000	3,000
Current Amortization	-	-	-	-
Project Amortization	-	-	-	-
Supplies	15,089	47,998	69,944	81,196
Other Expenses (Specify)	165,880	519,821	759,213	886,700
Other expenses include rent plus corporate allocations for shared services (accounting, collections, billing, IT, etc.)				
Total Operating Expenses	805,778	2,498,024	3,625,788	4,196,767

<b>3. Income</b>				
Income from Operations	45,755	210,388	321,031	384,926
Non-Operating Income	-	-	-	-
Subtotal	45,755	210,388	321,031	384,926
Income Taxes				
Net Income (Loss)	45,755	210,388	321,031	384,926
<b>4A. - Payor Mix as Percent of Total Revenue</b>				
Medicare (a)	87.2%	86.2%	85.7%	86.7%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	6.0%	6.2%	6.4%	6.0%
Commercial Insurance	4.9%	5.6%	5.8%	5.4%
Self-Pay	0.3%	0.3%	0.3%	0.3%
Other	1.2%	1.2%	1.3%	1.2%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
<b>4B. - Payor Mix as Percent of Total Visits</b>				
Medicare (a)	82.3%	81.1%	80.4%	81.6%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	8.2%	8.8%	9.1%	8.6%
Commercial Insurance	6.9%	7.4%	7.7%	7.2%
Self-Pay	0.4%	0.4%	0.4%	0.4%
Other	1.6%	1.7%	1.8%	1.7%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%

**Table 4B- Montgomery County**

CY or FY	Projected years -- ending with first year at full utilization			
	2018 FY	2019 FY	2020 FY	2021 FY
<b>1. Revenue</b>				
Gross Patient Service Revenue	4,121,889	4,538,525	4,637,227	5,340,734
Allowance for Bad Debt	(54,398)	(59,220)	(60,831)	(70,687)
Contractual Allowance	238,207	208,154	238,557	324,915
Charity Care	(8,227)	(9,059)	(9,256)	(10,660)
Net Patient Services Revenue	4,297,470	4,678,400	4,805,697	5,584,302
Other Operating Revenues (specify)	-	-	-	-
Net Operating Revenue	4,297,470	4,678,400	4,805,697	5,584,302
<b>2. Expenses</b>				
Salaries, Wages and Professional Fees (including fringe benefits)	3,184,602	3,319,507	3,385,514	3,910,634
Contractual Services	16,643	17,960	18,308	21,076
Interest on Current Debt	-	-	-	-
Interest on Project Debt	-	-	-	-
Current Depreciation	-	-	-	-
Project Depreciation	-	-	-	-
Current Amortization	-	-	-	-
Project Amortization	-	-	-	-
Supplies	76,156	82,910	85,165	98,963
Other Expenses (Specify)	841,931	900,437	926,955	1,084,391
Other expenses include rent plus corporate allocations for shared services (accounting, collections, billing, IT, etc.)				
Total Operating Expenses	4,119,332	4,320,814	4,415,942	5,115,064

<b>3. Income</b>				
Income from Operations	178,138	357,586	389,755	469,238
Non-Operating Income	-	-	-	-
Subtotal	178,138	357,586	389,755	469,238
Income Taxes				
Net Income (Loss)	178,138	357,586	389,755	469,238
<b>4A. - Payor Mix as Percent of Total Revenue</b>				
Medicare (a)	87.2%	86.2%	85.7%	86.7%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	6.0%	6.2%	6.4%	6.0%
Commercial Insurance	4.9%	5.6%	5.8%	5.4%
Self-Pay	0.3%	0.3%	0.3%	0.3%
Other	1.2%	1.2%	1.3%	1.2%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
<b>4B. - Payor Mix as Percent of Total Visits</b>				
Medicare (a)	82.3%	81.1%	80.4%	81.6%
Medicaid	0.5%	0.5%	0.5%	0.5%
Blue Cross	8.2%	8.8%	9.1%	8.6%
Commercial Insurance	6.9%	7.4%	7.7%	7.2%
Self-Pay	0.4%	0.4%	0.4%	0.4%
Other	1.6%	1.7%	1.8%	1.7%
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%

In Table 5 the current number of FTEs represents Montgomery County alone. The change in FTEs represents the expanded jurisdictions.

**Table 5- Montgomery County**

Position Title	Current No. of FTEs		Change in FTEs (+/-)		Average Salary		Total Salary Expense		
	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	Agency Staff	Contract Staff	
Administrative Personnel	10.57		8.66		67,828		1,304,417	8,000	
Skilled Nursing	14.24		11.68		67,607		1,752,374		
Licensed Practical Nurse	included in SN								
Physical Therapist	11.45		9.39		77,893		1,623,294	38,370	
Occupational Therapist	4.16		3.42		73,906		560,210		
Speech Therapist	2.19		1.79		85,942		342,049		
Home Health Aide	0.53		0.43		49,669		47,682		
Medical Social Worker	0.30		0.25		84,317		46,375		
Other (Please specify)									
							Benefits	1,434,813	
							TOTAL	7,111,215	46,370

**To note:**

- Benefits cost are based on our historical cost of benefits as a percent of pay for employees.
- BAYADA does not pay home health staff in hours.
- FTEs are calculated based on the expected productivity for a full-time staff member in each discipline.
- Current No. of FTEs was determined based on the projected number of FTEs for current operations without geographic expansion at the end of Year 4.
- Contractors are used in Senior Living practice as required by building. We forecast based on historical %.
- Contractors column for administrative includes professional fees.
- In order to match earlier schedules, benefits includes workers compensation, payroll taxes, liability insurance,

Salaries and wages	5,676,402	Employees	7,111,215
Benefits	521,757	Contractors	46,370
Other personnel expenses	913,057	Total	<u>7,157,585</u>
Subtotal	7,111,215		
Contractors	38,370		
Professional Fees	8,000		
Total	<u>7,157,585</u>		
	7,119,215		
	38,370		
Total	<u>7,157,585</u>		

- **Response to “9. Revise other portions of its application that are affected by changes made in response to my recommendations.”**

We hope all revisions to our application meet the standards. Our commitment to all new communities we service are driven by our Bayada Way value system. As highlighted during the final project review of this CON application, we recognize the focus on meeting the needs of the indigent population. We agree on this focus and the overall intention of the Commission to increase the support of the underserved.

To conclude, we find it imperative to share our company’s philosophy, vision, beliefs, and values:

#### **Our Vision**

With a strong commitment from each of us, BAYADA Home Health Care will make it possible for millions of people worldwide to experience a better quality of life in the comfort of their own homes. We want to build and maintain a lasting legacy as the world’s most compassionate and trusted team of home health care professionals.

*We will accomplish our mission and achieve our vision by following our core beliefs and values.*

#### **Our Beliefs**

- We believe our clients come first.
- We believe our employees are our greatest asset.

- We believe building relationships and working together are critical to our success as a community of compassionate caregivers.
- We believe we must demonstrate honesty and integrity at all times.
- We believe in providing community service where we live and work.
- We believe it is our responsibility to strengthen the organization's financial foundation and to support its growth.

*Our work is guided by our fundamental values of compassion, excellence, and reliability.*

### **Our Values**

#### **Compassion**

*Key result:* Our clients and their families feel cared for and supported.

*Key actions:*

- Work with a spirit of universal faith, hope, and love.
- Demonstrate exceptional care and kindness to others. Be led by our hearts.
- Be respectful. Treat others the way they wish to be treated.
- Listen closely, show empathy, and respond to the needs of others.
- Be friendly. Let our smiles be seen and felt.

#### **Excellence**

*Key result:* We provide home health care to our clients with the highest professional, ethical, and safety standards.

*Key actions:* Consistently demonstrate the highest level of skill, competence, and sound judgment in our work.

- Demonstrate honesty, commitment, and loyalty to our clients and their families, to fellow employees, and to our organization.

- Strive to provide the very best service to our clients. Set specific goals and work hard and efficiently to achieve them.
- Continuously improve our work through evaluation, education, and training.
- Recognize and reward those who set and maintain the highest standards of excellence.

### **Reliability**

*Key result:* Our clients and their families can rely on us and are able to live their lives to the fullest, with a sense of well-being, dignity, and trust.

*Key actions:*

Keep our commitments as promised.

- Consistently deliver expected services.
- Fulfill our clients' needs promptly and thoroughly.
- Be creative, flexible, and determined—get the job done for our client
- Communicate clearly and consistently with clients and fellow employees.

Thank you for your consideration. We look forward to a favorable decision by the Commission.

Attentively,

David Pareja, MPA

Bayada Home Health Care- Gaithersburg, MD Administrator



# ATTACHMENT

A. 1



## **0-8407 CHARITY CARE - MARYLAND HOME HEALTH AND HOSPICE**

*This policy was adopted on Jan. 11, 2017 and last revised Apr. 6, 2018.*

### **Our Standard:**

*We believe our clients come first.*

### **Our Policy:**

BAYADA Home Health Care provides uncompensated, charity care to our clients with financial hardship and in accordance with Maryland regulation.

### **Our Procedure:**

- 1.0 BAYADA ensures access to services regardless of an individual's ability to pay.
- 2.0 UNCOMPENSATED CARE FORM - MARYLAND HOME HEALTH OFFICES, #0-7657, the charity care policy, the sliding fee scale and time payment plans for reduced fees must be provided to all client's prior to provision of services.
- 3.0 Upon receiving a request for charity care free of charge or reduced fees, BAYADA will make a determination of probable eligibility within two business days of a request for services or an application for Medical Assistance (Medicaid).
  - 3.1 The office director will review and approve a request for charity care as follows:
    - 3.1.1 An interview with the client will be conducted by the director to discuss family size, insurance, and income and documented on FINANCIAL HARDSHIP FORM, #0-3683.
    - 3.1.2 Based on the interview, if the client' annual family income falls:
      - a. below 100% of the current Federal Poverty Guidelines, the client will be eligible to receive services free of charge; or
      - b. at least 100% of the current Federal Poverty Guidelines but less than 200% of the current Federal Poverty Guidelines, the client will be eligible to receive services free of charge or at a reduced price based on sliding fee schedule.
  - 3.2 **Reduced Price Care.**
    - 3.2.1 Documentation of income will be collected from individuals applying for reduced-price care pursuant to the sliding scale fee schedule.
      - 3.2.1.1 **Types of documentation that may be collected for reduced price care.**

Proof of Income (if employed) one of the following:

        - a. 1040
        - b. W2
        - c. Two recent pay stubs
        - d. Written statement by employer

Proof of Income (if unemployed) one of the following:

        - a. Public Assistance check stub/copy
        - b. Social Security check stub or letter of award
        - c. Certification Letter from Medical Assistance or Department of Social Services
        - d. Completed zero income form
        - e. Written statement from friend or relative with whom patient



- lives (if other forms not available)
  - f. Letter of reference from a 501 ( c ) ( 3 ) organization, such as a church (if other forms not available)
- Proof of Address (one of the following):
- a. Driver's license
  - b. MVA ID
  - c. Any document (envelope) recently addressed to patient such as a utility bill
  - d. A written statement by relative or friend with whom patient lives
- Proof of Address (Immigrants) one of the following:
- a. Form 1551
  - b. Form 194

**3.2.2** Clients who qualify are informed of the rates he/she will qualify for as per the current Federal Poverty Guidelines and a sliding fee scale used for per diem rates.

**3.2.2.1**

Poverty Level (at or below)	% Discount
100%	100%
125%	90%
150%	80%
175%	70%
200%	60%

**3.2.3** Clients who do not qualify are informed and BAYADA assists the client with seeking alternative payment arrangement.

**3.3** The director will submit a Biller Information Coordination Note to the Billing and Collections Office indicating the client's payor source as private pay and billing rate as per diem based on a sliding scale.

**4.0** The provision of charity care is tracked in order to demonstrate commitment to achieving a planned annual level of charity care.

**5.0** Public notice is disseminated annually regarding BAYADA charity care policy MARYLAND CHARITY CARE POLICY, #0-9485, the sliding fee scale and time payment plans for reduced fees of \$25 per month. The notice is posted in the BAYADA office and on the website.

**7.0 RELATED POLICIES.**

- a. ADMISSION CRITERIA AND PROCEDURE - MEDICARE CERTIFIED OFFICES, #0-672
- b. UNCOMPENSATED CARE FORM - MARYLAND HOME HEALTH OFFICES, #0-7657

0-8407 - CHARITY CARE - MARYLAND HOME HEALTH AND HOSPICE

Version: 22.0 (11264)

Author(s): JOY STOVER (2016); KIM CUNNINGHAM (2018)

Owner:

Manual, Section: MARYLAND, MEDICARE CERTIFIED POLICIES



Maryland Policies and Procedures

References: MD Hospice and Home Health CON Application requirement for Charity Care.

Revisions: Apr. 06, 2018, Jun. 13, 2017, Jun. 13, 2017, Jan. 11, 2017,

Comments:

# **ATTACHMENT**

**A. 2**

# BAYADA Home Health Care Maryland Charity Care Policy

BAYADA Home Health Care provides uncompensated charity care to our clients with financial hardship and in accordance with state-specific regulation through our charity care policy and procedures. BAYADA ensures access to services regardless of an individual's ability to pay.

This policy is aligned with BAYADA's Financial Hardship Policy, where BAYADA may waive insurance deductibles or copayments for client experiencing extreme financial hardship.

## How the charity care policy works:

Upon receiving a request for charity care free of charge or at reduced fees, BAYADA will make a determination of probable eligibility within two business days in accordance with BAYADA policy and applicable law. The office director will review BAYADA's Financial Hardship Policy, and gather all required data from the client/representative to determine eligibility. Clients who qualify are informed of the rates he/she will qualify for as per current Federal Poverty Guidelines with a sliding fee scale used for per diem rates. Clients who do not qualify are informed, and BAYADA will assist the client with seeking alternative payment arrangement.

Poverty Level (at or below)	% Discount
100%	100%
125%	90%
150%	80%
175%	70%
200%	60%

## For more information:

On BAYADA's Charity Care or Financial Hardship policies, contact your local BAYADA office.

